TABLE C-1
Available Performance Incentive Dollars

Energy Efficiency Expenses	Budget
1. Residential Non-Low Income	$ 602,472
2. Residential Low-Income	$ 123,006
3. Commercial and Industrial	$ 772,232
4. Total	$ 1,497,710
5. Performance Incentive Rate - After Tax %	5.0%

	Threshold	Design	Exemplary
6. Incentive Range	70%	100%	110%
7. Potential Available After-Tax Incentive	$ 52,420	$ 74,887	$ 82,375

Available After-Tax Incentive by Component	Threshold	Design	Exemplary
8. Component 1: Savings Mechanism	$ 25,349	$ 36,214	$ 39,835
9. Component 2: Value Mechanism	$ 10,053	$ 14,362	$ 15,798
10. Component 3: Performance Metrics	$ 17,018	$ 24,311	$ 26,742
11. Total Available Incentive	$ 52,420	$ 74,887	$ 82,375

Weights for Incentive Components	Savings	Value	Perf. Metrics
12. Residential Non-Low Income	50%	20%	30%
13. Residential Low-Income	30%	10%	60%
14. Commercial and Industrial	50%	20%	30%

Line Notes:

1-4. The energy efficiency budget includes all program expenses net of customer co-pays and performance incentives.
5. After Tax Performance Incentive Rate.
6. The incentive range is from 70% (threshold performance level) to 110% (exemplary performance level) in 2003.
7. Total design level incentive = (Line 4 x Line 5); threshold level incentive = design level incentive x 70%; exemplary level incentive = design level incentive x 110%.
8-10. The design level incentives are calculated and allocated according to the weights in Lines 12 - 14.
11. Sums of Lines 8 - 10.
12-14. For each customer class and incentive component, the design incentive will be equal to the expenses times the incentive rate in Line 5 times the weight for the component.

TABLE C-2
Component 1: Savings Mechanism

1.	Available Design Level Savings Incentive	Tb C-1, Ln 8 (Design)		$	36,214		
						% of $ Benefits	
2.	Design (Targeted) Lifetime MWh		MWh		32,107	39%	
3.	Design (Targeted) Lifetime kW		kWYr		17,112	42%	
4.	Design (Targeted) Lifetime Non-Electric Benefits		$'s	$	657,693	19%	
						Threshold @ 70%	
5.	$/Lifetime MWh Savings Incentive Rate			$	0.4387	22,475	MWh
6.	$/Lifetime kW Savings Incentive Rate			$	0.8931	11,978	kW
7.	$/Lifetime Non-Electric Benefits Incentive Rate			$	0.0104	$ 460,385	$'s
8.	Exemplary Performance - Savings Mechanism	Tb C-1, Ln 8 (Exemplary)		$	39,835		

Line Notes:

1. Available Design Level Incentive - Savings Mechanism - from Table 1.
2. Targeted lifetime MWh savings from Energy Efficiency Plan goals; % of $ Benefits from Table C-3.
3. Targeted lifetime kW savings from Energy Efficiency Plan goals; % of $ Benefits from Table C-3.
4. Targeted lifetime non-electric benefits from Energy Efficiency Plan goals; % of $ Benefits from Table C-3.
5. Equals (Line 1 x Line 2 %) ÷ Line 2 MWh.
6. Equals (Line 1 x Line 3 %) ÷ Line 3 kW.
7. Equals (Line 1 x Line 4 %) ÷ Line 4 Non-Energy Benefits.
8. The sum of the earned incentives related to lifetime MWh savings, lifetime kW savings and lifetime non-electric benefits cannot exceed 110% of the design level incentive for the Savings Mechanism from Table C-1.

TABLE C-3
Component 2: Value Mechanism

				Value of Benefits ($)		
				MWh	kW	Non-Electric
1. Available Design Level Value Incentive	Tb C-1, Ln 9	$	14,362			
2. Design (Plan) Benefits	$'s	$	3,473,899	$ 1,349,986	$ 1,466,221	$ 657,693
3. Design (Plan) Costs	$'s	$	2,060,274	39%	42%	19%
4. Design (Plan) Net Benefits	$'s	$	1,413,625			
5. Exemplary Performance - Value Mechanism	Tb C-1, Ln 9	$	15,798			

Line Notes:

1. Available Design Level Incentive - Value Mechanism - from Table C-1.
2. Planned benefits from benefit/cost analysis.
3. Planned costs from benefit/cost analysis. Includes all cost categories except Performance Incentive.
4. Line 2 minus Line 3.
5. The actual earned value incentive will calculated as Actual Net Benefits ÷ Design Net Benefits (Line 4).
   At least 70% of the net benefits in line 4 must be achieved before a value incentive can be earned.
   The value incentive will be capped at the exemplary performance incentive (110% of design) for this component.

AMENDED TABLE C-4
Component 3: Performance Mechanism

Program/Initiative	Performance Metric Description	Threshold		Design		Exemplary	
		Units	Dollars	Units	Dollars	Units	Dollars
Residential:							
New Construction 1: **Market Share of Completed Energy Star Homes in Massachusetts(1)**	**Threshold:** Achieve a market share for completed ENERGY STAR Homes (as a percentage of statewide completions) equal to the market share achieved in 2002 (i.e., 100% of 2002 ENERGY STAR completions as a percentage of statewide completions).	Achieve 9.7%	$830				
	Design: Increase the market share of completed ENERGY STAR Homes (as a percentage of statewide completions) by 15% (i.e., 115% of 2002 ENERGY STAR completions as a percentage of statewide completions).			Achieve 11.15%	$1,186		
	Exemplary: Increase the market share of completed ENERGY STAR Homes (as a percentage of statewide completions) by 25% (i.e., 125% of 2002 ENERGY STAR completions as a percentage of statewide completions).					Achieve 12.12%	$1,305
New Construction 2: **ENERGY STAR Products Installed in ENERGY STAR Homes(1)** Point system: 1/ Energy Star CFL or Torchiere 2/Energy Star Fixture 3/Energy Star Clothes Washer, Dishwasher, Refrigerator 4/Energy Star HVAC, all windows	**Threshold:** Achieve an average ENERGY STAR Products score of 16 in completed ENERGY STAR Homes in Massachusetts in 2003.	Achieve product score of 16	$652				
	Design: Achieve an average ENERGY STAR Products score of 18 in completed ENERGY STAR Homes in Massachusetts in 2003.			Achieve product score of 18	$932		
	Exemplary: Achieve an average ENERGY STAR Products score of 20 in completed ENERGY STAR Homes in Massachusetts in 2003.					Achieve product score of 20	$1,025
New Construction 3: **Energy Code Support**	**Threshold:** Support Massachusetts code outreach and training efforts resulting in the training of at least 40 code officials and/or builders.	Provide documentation of efforts and results	$494				
	Design: Expand code compliance field support from two pilot communities to at least four. Verify energy code compliance of at least 100 homes in the pilot communities (or 50% of completions, whichever is less).			Provide documentation of efforts and results	$706		
	Exemplary: Design and plan implementation of a Massachusetts code compliance field support approach (based on the lessons learned from the original and the expanded pilot efforts) that fosters future code compliance in Massachusetts (including and beyond the pilot communities).					Provide implementation plan	$777
ES Appliances 1: **ENERGY STAR Clothes Washer Market Penetration (1)** (Compare D&R International data on Energy Star market share for MA to their national data)	**Threshold:** Achieve an ENERGY STAR Clothes Washer market share 8.5 percentage points above the national average reported by D&R International for the national partners for 2003.	Achieve market share 8.5 % (points) > national average	$965				
	Design: Achieve an ENERGY STAR Clothes Washer market share 8.6 percentage points above the national average reported by D&R International for the national partners for 2003.			Achieve market share 8.6 % (points) > national average	$1,378		
	Exemplary: Achieve an ENERGY STAR Clothes Washer market share 8.8 percentage points above the national average reported by D&R International for the national partners for 2003.					Achieve market share 8.8 % (points) > national average	$1,516
ES Lighting 1: **Utility Cost Indicator**	**Threshold:** N/A	N/A	$0				
	Design: Working with the Non-Utility Parties, identify and establish an agreed upon index to serve as a key indicator of utility cost performance and market transformation. The defined index will be designed to provide general indication of program delivery and administration efficiency and the progress being made to have consumers and industry invest in ENERGY STAR lighting technologies. Review data tracking and reporting approaches, analyze data, and report on the Utility Cost Indicator for the ES Lighting program in Massachusetts in 2003 compared to 2002, 2001, and 2002 by October 1, 2003.			Develop UCI, analyze data, and report 2003 results compared to previous years and/or periods of years.	$1,649		
	Exemplary: Exceed the agreed-to index in 2003 compared to its average value during the three previous program years (2000, 2001, and 2002).					Exceed previous three year average	$1,814
RCS 1: **Productivity: Percentage of Home Energy Assessments that result in major measures(1)**	**Threshold:** Submit report (with sections on Marketing, Tier One, Tier Two, Installation Contractors, and Inspections) to DOER by January 31, 2004 describing the Company initiatives to improve the implementation of major RCS measures beyond what's required by regulation, guidelines, and the Coalition Action Plan.	Submit Report	$858				
	Design: Achieve a 5% percentage of Home Energy Assessments that result in major measure installation.			Achieve 5% HEA with major measures	$1,226		
	Exemplary: Achieve a 5.5% percentage of Home Energy Assessments that results in major measure installation and exceed last year's individual utility performance.					Achieve 5.5% HEA with major measures and exceed last year's performance.	$1,349

AMENDED TABLE C-4
Component 3: Performance Mechanism

Program/Initiative	Performance Metric Description	Threshold		Design		Exemplary	
		Units	Dollars	Units	Dollars	Units	Dollars
Residential: (cont.)							
RCS 2: **Competitive Market Activities**	**Threshold:** N/A	N/A	$0				
	Design: Within six months after receiving DOER's memorandum on competition, write a memo jointly with other Program Administrators describing changes to the program that will lead to increased competition.			Memo on increasing competition	$604		
	Exemplary: Submit a detailed action plan and timeline (jointly or individually) for implementing program changes described in the memo above.					Action plan	$664
Residential NEBs 1:	**Threshold:** N/A	N/A	$0				
	Design: For non-electric benefits currently included in benefits/cost calculations: 1) Work within a NEB subgroup during 2003 to verify and/or establish common algorithms for calculating these non-electric benefits; 2) By October 1, 2003, submit a memo to the NUPs that provides supporting documentation for these non-electric benefits along with a description of how the benefits will be included in future plans. 3) Include the non-electric benefits identified in the above memo in the 2004 Energy Efficiency Plan.			Memo and incorporation of NEBs in 2004 Plan.	$678		
	Exemplary: N/A					N/A	$0
Residential NEBs 2:	**Threshold:** N/A	N/A	$0				
	Design: For non-electric benefits not currently included in the benefits/cost calculations: 1) By April 1, 2003 PA and NUP representatives will participate in a brain storming session to identify additional non-electric benefits, if any, that could be quantified in the near term for inclusion in 2004 plans, and to develop a list of non-electric benefits, if any, that may require additional research. 2) By June 1, 2003 the NUP Technical Advisors will provide the PA's with available secondary research to support these additional benefits. 3) By October 1, 2003, the PA's will review the information provided by the NUP Technical Advisors and will submit a memo to the NUPs that summarizes the additional benefits, if any, that will be included in 2004 plans. This memo will have a description of how the benefits will be included and supporting documentation for these non-electric benefits.			Memo submitted to NUPs by October 1, 2003	$678		
	Exemplary: N/A					N/A	$0
Residential NEBs - Exemplary Performance(2)	**Threshold:** N/A	N/A	$0				
	Design: N/A			N/A	$0		
	Exemplary: Exemplary level performance for the residential NEBs metrics will be awarded with completion of both Residential NEBs 1 and Residential NEBs 2 at the Design level. The exemplary incentive will be calculated as 110% of the total Design level incentive for the two metrics.					Successful completion of both Residential NEBs 1 and Residential NEBs 2.	$1,492
Subtotal - Residential			$3,800		$9,037		$9,941

AMENDED TABLE C-4
Component 3: Performance Mechanism

Program/Initiative	Performance Metric Description	Threshold		Design		Exemplary	
		Units	Dollars	Units	Dollars	Units	Dollars
Low Income:							
LOW INCOME 1: Best Practices	**Threshold:** Meet at least quarterly to review best practices progress and provide updates on meetings and practices implemented	Meet and written updates of implementation	$1,292				
	Design: Determine and adopt the next series of best practices and document progress in a memo.			Memo of progress in next series of best practices	$1,845		
	Exemplary: Analyze specific new technologies for adoption as new measures, e.g. air conditioners, washing machines, solar hot water, or heat pump water heaters.					Written analysis of new measures	$2,030
LOW INCOME 2: Outreach	**Threshold:** Working with LEAN, other Massachusetts utilities, and other stakeholders, develop a statewide marketing message for low-income energy efficiency services.	Reach agreement on statewide marketing message	$1,292				
	Design: Working with LEAN, other Massachusetts utilities, and other stakeholders, develop appropriate energy efficiency marketing outreach materials in English and Spanish (could be brochure, poster, POP). Print and distribute.			Design, print, and distribute marketing materials	$1,845		
	Exemplary: Working with LEAN, other Massachusetts utilities, and other stakeholders, implement a comprehensive campaign based on the 2002 Outreach Report that includes either a mass media campaign or community outreach or both as appropriate to utility service territory.					Implement marketing campaign	$2,030
Subtotal - Low Income			$2,583		$3,690		$4,059

AMENDED TABLE C-4
Component 3: Performance Mechanism

Program/Initiative	Performance Metric Description	Threshold		Design		Exemplary	
		Units	Dollars	Units	Dollars	Units	Dollars
Commercial & Industrial							
MotorUp 1: Number of MotorUp presentations to groups of customers sponsored by motor vendors. Dual metric, utility must meet or exceed both: 1) number of total presentations; and 2) number of total customers attending. Presentations can be performed by MotorUp contractor or the utility.(1)	**Threshold:** Meet or exceed both - (6) presentations and (24) customers attending.	6 presentations and 24 customers	$811				
	Design: Meet or exceed both - (7) presentations and 28) customers attending.			7 presentations and 28 customers	$1,158		
	Exemplary: Meet or exceed both - (8) presentations and (32) customers attending.					8 presentations and 32 customers	$1,274
MotorUp 2: **Motor Rebates(1)**	**Threshold:** Issue 745 rebates statewide for motors meeting NEMA Premium Qualifying efficiency levels through the MotorUp form or an in-house utility lost opportunity program.	745 rebates	$1,014				
	Design: Issue 910 rebates statewide for motors meeting NEMA Premium Qualifying efficiency levels through the MotorUp form or an in-house utility lost opportunity program.			910 rebates	$1,448		
	Exemplary: Issue 990 rebates statewide for motors meeting NEMA Premium Qualifying efficiency levels through the MotorUp form or an in-house utility lost opportunity program.					990 rebates	$1,593
Cool Choice 1: **Rebates(1)**	**Threshold:** Statewide, provide 441 rebates for units meeting the Consortium for Energy Efficiency Tier II standard through the Cool Choice C&I Unitary HVAC Efficiency Initiative from or an in-house utility program.	441 rebates	$811				
	Design: Statewide, provide 630 rebates for units meeting the Consortium for Energy Efficiency Tier II standard through the Cool Choice C&I Unitary HVAC Efficiency Initiative from or an in-house utility program.			630 rebates	$1,158		
	Exemplary: Statewide, provide 693 rebates for units meeting the Consortium for Energy Efficiency Tier II standard through the Cool Choice C&I Unitary HVAC Efficiency Initiative from or an in-house utility program.					693 rebates	$1,274
O&M 1: **Building Operator Certification(1)** Attaining this metric includes a combination of a joint/ statewide activity and an individual utility activity JOINT CRITERIA: Utilities co-promote and guarantee that 12 seats per class (40% of 28 minimum seats) will be filled by people recruited by utilities. If utilities fail to meet this target, they do not attain the metric. NEEP is responsible for filling the rest of the seats. Utilities agree that NEEP may directly market to customers, but utilities are not able to provide NEEP with customer contact due to confidentiality requirements. Attendees may attend classes in other states as long as they work in Massachusetts. In addition, there is an INDIVIDUAL UTILITY CRITERION: For an individual utility to achieve this metric, the individual utility must also achieve utility-specific recruitment levels, in total, across the three classes.	**Threshold:** 1 class where MA utilities together fill at least 12 seats. For an individual utility to achieve this metric, the individual utility must also achieve these recruitment levels, in total, across the three classes. (MECo: 6, NStar: 6, WMECO: 2, Fitchburg: 1)	Joint: 1 class Individual Utility MECo 6 NStar 6 WMECo 2 Fitchburg 1	$1,217				
	Design: 2 classes where MA utilities together fill at least 12 seats. For an individual utility to achieve this metric, the individual utility must also achieve these recruitment levels, in total, across the three classes. (MECo: 9, NStar: 9, WMECO: 3, Fitchburg: 1)			Joint: 2 classes Individual Utility MECo 9 NStar 9 WMECo 3 Fitchburg 1	$1,738		
	Exemplary: In addition to the requirements of the threshold and design levels, utilities will host three meetings (total meetings among the four utilities) and invite commercial, industrial, and/or institutional customers to attend. To achieve exemplary, at least ten customers must attend each meeting. These ten must be other than those registered participants counted as part of the threshold and design levels of this metric. NEEP will be given the opportunity to market the BOC classes at these meetings and network with the attendees.					In addition to the requirements of the threshold and design levels, utilities will host three meetings (among all utilities) and invite commercial, industrial, and/or institutional customers to attend. To achieve exemplary, at least ten customers must attend each meeting. These ten must be in addition to those registered participants counted as part of the threshold and design levels of this metric. NEEP will be given the opportunity to market the BOC classes at these meetings and network with the attendees.	$1,912

AMENDED TABLE C-4
Component 3: Performance Mechanism

Program/Initiative	Performance Metric Description	Threshold		Design		Exemplary	
		Units	Dollars	Units	Dollars	Units	Dollars
Commercial & Industrial: (cont.)							
Management Awareness 1: Statewide metric. Provide, in year 2003, training or other presentation on the benefits of energy efficiency as a business "profit center" to groups of procurement managers, financial managers, property managers, senior facility managers or other personnel who make decisions regarding organizing, staffing, and funding for enhanced electric efficiency in the facilities they occupy or operate. Groups which were counted toward the 2002 metric do not count towards the 2003 metric. The presentations must be made jointly with members of the targeted associations who have benefited from the efficiency case study to be presented, and should describe the benefits and profitability of the efficiency investments using investment criteria and language that are in common use among that profession. The presentations must emphasize the intrinsic profitability of efficiency investments, not just the benefits of utility programs. As part of the presentation, demonstrate what the return for the customer was on the conservation charge on their tariff.	**Threshold:** 1 Organization	1 organization	$1,217				
	Design: 2 Organizations			2 organizations	$1,738		
	Exemplary: 2 Organizations and, utilities must collectively go back to two of the organizations reached in the past two years to meet management awareness metrics to market follow-up services or action. Follow-up action may involve a presentation to further clarify program opportunities and/or efficiency economics or interaction with members of an organization to help them access programs, depending on the needs of the organization and its members.					2 organizations. In addition, to meet the exemplary level of this metric, utilities must collectively go back to two of the organizations reached in the past two years to meet management awareness metrics to market follow-up services or action. Follow-up action may involve a presentation further clarifying program opportunities and/or efficiency economics, or interaction with members to help them access programs, depending on the needs of the organization and its members.	$1,912
Codes 1: **Assessment**	**Design:** By July 1, 2003, complete an assessment of the effectiveness of prior building energy code technical support and training activities in the Commonwealth as funded by both US DOE and the utilities, and report on the results of this assessment and any recommendations for the design and direction of forward-going activities in this area to DOER and the NUPs (NSTAR will conduct this assessment, with the other utilities and NUP consultants providing input to the study design).			Complete assessment by July 1, 2003.	$869		
Codes 2: **Training and Support**	**Design:** Jointly with the gas companies, and in cooperation and coordination with the Massachusetts Board of Building Codes and Standards, fund and direct energy code technical support staff and training activities for the remainder of 2003. Unless the assessment finds compelling reasons to do otherwise, such activities should follow the level of effort and financial commitment (for the electric companies) and general direction and emphases as was funded by US DOE and the electric utilities in 2002 and in earlier years.			Support code staff and training.	$869		
C&I NEBs 1: **Additional Prescriptive**	**Threshold:** N/A	N/A	$0				
	Design: Review prescriptive measures to determine if there may be non-electric benefits related to these measures beyond those included in 2003 plans. Conduct research & analysis to develop a methodology to include these non-electric benefits, if any, in the 2004 Energy-Efficiency Plan. 1) Work within a NEB subgroup during 2003 to verify and/or establish common methodologies for calculating these non-electric benefits; 2) By October 1, 2003, submit a memo to the NUPs that lists the methods and provides supporting documentation for these non-electric benefits. Included should be any methods for which a common approach could not be reached, with an explanatory discussion; 3) Include the non-electric benefits identified in the above memo, using the stated methods, in the 2004 Energy Efficiency Plan.			Memo and incorporation of NEBs in 2004 Plan.	$869		
	Exemplary: N/A					N/A	$0

AMENDED TABLE C-4
Component 3: Performance Mechanism

Program/Initiative	Performance Metric Description	Threshold		Design		Exemplary	
		Units	Dollars	Units	Dollars	Units	Dollars
Commercial & Industrial: (cont.)							
C&I NEBs 2: Custom	**Threshold:** N/A	N/A	$0				
	Design: Identify non-electric benefits associated with custom projects, and conduct research & analysis to develop approaches for inclusion of these non-electric benefits in the 2004 Energy-Efficiency Plan. 1) For non-electric benefits associated with custom projects which a NEB subgroup finds quantifiable in the near term, conduct research and analysis necessary to develop methods for including these benefits in program screening and Value Mechanism incentive calculations. 2) By October 1, 2003, submit a memo to the NUPs that describes the results of this work and proposes the methods to be used to include these non-electric benefits in program screening and Value Mechanism calculations. 3) Include the non-electric benefits identified in the above memo, using the stated methods, in the 2004 Energy Efficiency Plan.			Memo submitted to NUPs by October 1, 2003	$1,158		
	Exemplary: N/A					N/A	$0
C&I NEBs 3: NEB 2005	**Threshold:** N/A	N/A	$0				
	Design: For additional non-electric benefits, which require longer-term (inclusion in 2005 plan) research & analysis to formulate algorithms: By October 1, 2003, develop a research plan to identify potential other non-electric benefits with the intent to conduct research on these non-electric benefits so that, if the research substantiates the benefit, these non-electric benefits would be included in the 2005 plan.			Memo submitted to NUPs by October 1, 2003	$579		
	Exemplary: N/A					N/A	$0
Exemplary Level Performance for C&I Metrics with Design Level Targets Only(3)	**Threshold:** N/A	N/A	$0				
	Design: N/A			N/A	$0		
	Exemplary: Exemplary level performance for the commercial & industrial metrics will be awarded with completion of all three commercial & industrial metrics at the Design level. The exemplary incentive will be calculated as 110% of the total Design level incentive for the three metrics.					Successful completion of C&I NEBs 1, 2, and 3 and Codes 1 and 2.	$4,778
Subtotal - Commercial & Industrial			$5,068		$11,584		$12,742
Total Component 3 - Performance Metrics			**$11,451**		**$24,311**		**$26,742**

Notes:

1. The performance incentive for these metrics are scalable between threshold performance and design level performance and between design level performance and exemplary level performance.
2. If this metric is achieved, this incentive amount takes the place of the dollars associated with Residential NEBs 1 and Residential NEBs 2.
3. If this metric is achieved, this incentive amount takes the place of the dollars asociated with C&I NEBs 1, C&I NEBs 2, C&I NEBs 3, Codes 1, and Codes 2.
4. The incentive for Performance Metric will be capped at the exemplary level (110% of Design) for this component.